



# Iowa General Assembly

## 2006 Committee Briefings

Legislative Services Agency – Legal Services Division

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### LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) AND WEATHERIZATION PROGRAM STUDY COMMITTEE

**Meeting Dates:** [November 29, 2006](#) | [October 11, 2006](#)

**Purpose.** *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.state.ia.us>, or from the agency connected with the meeting or topic described.*

### LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) AND WEATHERIZATION PROGRAM INTERIM STUDY COMMITTEE

November 29, 2006

**Co-chairperson:** Senator Nancy Boettger

**Co-chairperson:** Senator Jack Hatch

**Co-chairperson:** Representative Ralph Watts

**Overview.** The Low-Income Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee was created by the Legislative Council and authorized to hold two meetings. During the second and final meeting of the Committee, the Committee received testimony from representatives of the Iowa Propane Association and a representative of the Department of Human Services, reviewed and discussed proposed legislation, and voted on recommendations to be contained in the Committee's final report to the General Assembly.

**Iowa Propane Association.** Mr. Tom Dunn, Ferrellgas, Des Moines, and the safety director for the Iowa Propane Gas Association, testified on behalf of the association. Mr. Dunn presented information concerning the propane industry generally, including pricing data, and explained how the association is organized.

Mr. Dunn presented legislation proposed by the association to establish the Iowa Propane Education and Research Council (PERC) and also:

- Provide for the development of propane-related programs and projects.
- Provide for an assessment on the sale of odorized propane of 1/10 of one cent per gallon to finance the activities of the council.
- Provide penalties for violations of the proposed legislation.

Mr. Scott Waskow, Agvantage FS, Waverly, also testified on behalf of the association.

Mr. Dunn and Mr. Waskow testified concerning the particular challenges and safety concerns that arise when propane tanks that are empty or have been shut off need to be refilled. Mr. Dunn indicated that such situations often occur as emergencies that are not within regular business hours or scheduled delivery routes. Such situations also require time-consuming safety inspections before the tank can be refilled. Mr. Dunn indicated that better communication between community action agencies that deal with low-income customers and propane dealers might avoid some emergency fill requests.

**Department of Human Services (DHS).** Mr. Robert Krebs, Deputy Administrator, Division of Financial, Health, and Work Supports, DHS, responded to questions about DHS' collaboration with LIHEAP and intention to build on existing relationships with LIHEAP to assist low-income Iowans.

**Discussion.** In response to questions, Mr. Jerry McKim, Bureau Chief, Bureau of Energy Assistance, Division of Community Action Agencies, Department of Human Rights, discussed the two questions that are being added to the

National Center for Disease Control health risk survey by the Department of Public Health in collaboration with the bureau. Mr. McKim stated that the purpose of the questions is to see whether there is a correlation between the fact that a household has had its utilities disconnected and the incidence of health problems for members of that household.

**Proposed Legislation.** The Committee considered legislation proposed by Co-Chairperson Hatch (LSB 1064IC) to establish an energy utility assessment and resolution program for certain persons with low incomes who have or need a deferred payment agreement to address home energy utility costs and to make an appropriation to fund the program.

Co-Chairperson Hatch explained that the purpose of the bill is to codify the Developmental Assessment Resolution Program (DARP) currently being implemented as a pilot project with \$500,000 funding from LIHEAP to assist 2,500 low-income families in developing financial skills to manage their energy costs. Co-Chairperson Hatch stated that the bill would expand DARP statewide with a \$1 million appropriation from the General Fund to assist an additional 5,000 families for fiscal year 2007-2008.

Ms. Lana Ross, Executive Director, Iowa Community Action Association, which administers DARP, explained the components and eligibility requirements of DARP and responded to questions about the pilot project. Ms. Ross and Mr. McKim indicated that all funds appropriated for DARP will be spent to provide services and not on administrative expenses. Ms. Ross stated that the program will be evaluated by looking at outcomes for participants in the program such as the number of participants who are involuntarily disconnected from their utilities, are current on utility payment plans, and are current on their utility bills.

#### **Committee Recommendations.**

- **LSB 1064IC.** The Committee passed a motion recommending passage of LSB 1064IC by the General Assembly, as amended by adding a new lettered paragraph requiring program participants to make uninterrupted, regular utility payments while participating in the program and adding a sunset provision to repeal the program in three years.
- **Iowa Propane Education and Research Act.** The Committee passed a motion recommending passage of the "Iowa Propane Education and Research Act" by the General Assembly, as amended by adding a provision requiring the proposed Iowa Propane Education and Research Council to develop programs and projects that provide assistance to people who are eligible for LIHEAP.

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## **LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) AND WEATHERIZATION PROGRAM INTERIM STUDY COMMITTEE**

October 11, 2006

**Co-chairperson:** Senator Nancy Boettger

**Co-chairperson:** Senator Jack Hatch

**Co-chairperson:** Representative Ralph Watts

**Overview.** The Low-Income Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee was created by the Legislative Council and authorized to hold two meetings. The Committee received testimony from various persons involved with the state's LIHEAP and Weatherization Assistance Program (WAP). The testimony specifically addressed issues concerning the application and intake process, eligibility for and use of program funds, and the role of entities involved with the programs in various capacities.

**Iowa Department of Human Rights (DHR).** Mr. William Brand, Administrator, Division of Community Action Agencies, DHR, gave an overview of the Division, which among other duties administers LIHEAP and WAP in Iowa. The programs are primarily federally funded, although a state supplemental appropriation which the agency received last year for LIHEAP was especially appreciated in view of huge increases in energy costs last winter.

**Bureau of Weatherization.** Mr. Jim Newton, Bureau Chief, Bureau of Weatherization, Division of Community Action Agencies, DHR, gave an overview of WAP. The premise of the program is to increase the energy efficiency of a client's home and thus reduce that client's long-term energy costs. Mr. Newton testified that the program:

- Provides computerized energy audits in a client's home.
- Arranges for implementation of various energy-efficiency measures such as installation of insulation and high-efficiency furnaces.
- Is implemented by 18 local community action agencies.
- Has a critical need for transferred LIHEAP funds that allow more flexibility in meeting clients' needs.

- Saves \$1.80 in energy costs for every \$1.00 spent on energy measures.

**Bureau of Energy.** Mr. Jerry McKim, Bureau Chief, Bureau of Energy, Division of Community Action Agencies, DHR, provided an overview of LIHEAP. Iowa LIHEAP:

- Has one of the highest participation rates of eligible households in the United States.
- Has the lowest administrative costs in the Midwest and one of the lowest in the country.
- Is authorized by Iowa law to transfer up to 15 percent of its funding to WAP.
- Collaborates with Department of Human Services (DHS) to obtain more federal funding for other needs of low-income Iowans.
- Is collaborating with Iowa Department of Public Health (DPH) to correlate health problems with inability to pay energy costs.
- Provides aid to the working poor, not just people on welfare.
- Is conducting a pilot project concerning the impact of the program on households over time.
- Conducted a nationally replicated study in 1999-2000 surveying what households do without in order to pay their energy costs.

**Iowa Community Action Association.** Ms. Lana Ross, Executive Director, Iowa Community Action Association, stated that the association represents 18 community action agencies that are overseen by the DHR. The association:

- Assists eligible households in applying for a variety of services including LIHEAP and WAP.
- Has offices in all 99 Iowa counties.
- Created the Developmental Assessment Resolution Program (DARP) as a pilot project with \$500,000 funding from LIHEAP to assist 2,500 low-income families in developing financial skills to manage their energy costs.

**Department of Human Services.** Mr. Robert Krebs, Deputy Administrator, Division of Financial, Health, and Work Supports, DHS, testified that DHS has local offices in all 99 counties where income maintenance workers determine eligibility of households for the Family Investment Program (cash assistance), food assistance, medical assistance, and child care assistance. The current relationship of DHS to LIHEAP is to inform applicants of LIHEAP's availability and make referrals to local LIHEAP offices. DHS has concerns with any increased involvement of DHS with LIHEAP because:

- Current DHS worker caseloads are already too high to add LIHEAP.
- DHS and LIHEAP program requirements, geographical service areas, and information systems are different.
- Logistical issues of space and shared costs exist due to county responsibility to provide DHS office space.

DHS recommends:

- Utilizing existing initiatives to maximize use of resources and avoid duplication of effort.
- Focusing on development of "virtual" rather than physical "one-stop" service centers.
- Stationing LIHEAP workers at local DHS offices.

**Iowa Utility Association.** Ms. Teresa Anderson, Manager, Credit and Remittance Operations, MidAmerican Energy Company, testified on behalf of the Iowa Utility Association from the perspective of the investor-owned utilities. Utilities communicate electronically with LIHEAP each week for approval and payment information, and utility websites are available for LIHEAP to gather client data and post approvals. The Iowa Utilities Association recommends:

- Applying a consistent approach among all agencies for processing and posting approval and payment files to the bulletin board.
- Conversion to one software system for Iowa LIHEAP.
- Requiring LIHEAP applicants to be the utility's customer of record.
- Distributing LIHEAP funds in a way that encourages clients to continue to make utility payments during the winter moratorium.
- Considering customer payment history in determining eligibility for crisis funds.
- Daily instead of weekly processing of approved files by LIHEAP.
- Developing a joint media message with LIHEAP to encourage eligible households to apply.

**Iowa Association of Municipal Utilities.** Mr. Bob Haug, Executive Director of the Iowa Association of Municipal Utilities, testified that the association is a nonprofit organization whose members operate municipal gas and electric utilities in Iowa. The association promotes enforcement of energy-efficient building standards in new buildings and energy efficiency measures and weatherization in old buildings. There is a problem with rental properties where the tenant runs up a big bill taking advantage of the winter moratorium and leaves in the spring without ever making a utility payment. Mr. Haug recommended that monthly payments in some amount be required of all customers during the moratorium and that eligibility for the moratorium should be based on eligibility for LIHEAP funds.

**Iowa Association of Electric Cooperatives.** Mr. Regi Goodale, Director of Regulatory Affairs, Iowa Association of Electric Cooperatives, testified that the association is comprised of locally-owned nonprofit electric utility cooperatives that

serve member-consumers in all 99 Iowa counties. Member electric cooperatives work with members on billing options and energy efficiency programs, including education and training. Members are installing renewable electric generation systems and looking at alternative heating and cooling systems to deal with rising fuel costs. While affordability is a serious issue, the cooperatives receive very little LIHEAP money since they provide only electricity.

**Iowa Propane Gas Association.** Mr. Lynn Sheets, Petroleum Manager, Sully Cooperative Exchange, testified on behalf of the Iowa Propane Gas Association. The association is comprised of over 300 independent propane dealers. The sale and distribution of propane gas is not regulated by the state. A propane dealer does not have an assigned geographical territory or rate structure like utilities do, and faces brutal competition. Iowa has some of the least expensive propane gas in the United States, in part due to the fact that it is delivered to the state via a pipeline rather than by truck. Many factors affect propane price such as weather, war, and the annual harvest. Propane tank rent cannot be paid with LIHEAP funds. When a propane tank runs too low, this necessitates a tank check and tank check fees before refilling. Mr. Sheets joined in the recommendation by the Iowa Utility Association that an Internet "bulletin board" showing LIHEAP approvals would be helpful to propane dealers. Mr. Sheets opined that LIHEAP could better time its prebuys of propane by working with the DNR. In response to a question, Mr. Sheets stated that the association would work with the Legislative Services Agency (LSA) to try to get data about the number of households that use propane, and how much LIHEAP money goes to propane dealers.

**Iowa Department of Public Health.** Ms. Lynh Patterson, Legislative Liaison, IDPH, testified that IDPH engages in collaborative efforts with the DHR, such as DARP. Ms. Patterson testified about the public health risk involved with the disconnection of utilities. IDPH is adding two questions to the federal health risk survey asking how many households had suffered utility disconnection because of inability to pay and whether a household used unsafe alternatives as a result. IDPH is also collaborating with the University of Iowa College of Public Health to study the public health impact of utility disconnections and produce a white paper.

**Bureau of Energy.** Mr. Jerry McKim, Bureau Chief, Bureau of Energy Assistance, presented a fiscal analysis of LIHEAP in Iowa. In response to earlier testimony and discussion, Mr. McKim opined that since Iowa already has one of the highest participation rates in the program, encouraging more participation would only dilute benefits for everyone. Approximately 15 percent of LIHEAP participants heat with propane and that people usually do make partial utility payments during the moratorium. He has pledged to fund DARP with \$500,000 of LIHEAP assessment resolution funding. The 2007 fiscal outlook for LIHEAP suggests continued rising costs for fuel and decreased federal funding. Mr. Brand testified that he would not advocate failing to transfer LIHEAP funds to WAP since that would reduce long-term solutions to energy problems and WAP has a critical need for the flexibility LIHEAP funds allow to carry out its mission.

**Committee Discussion and Adjournment.** Co-chairperson Hatch requested that LSA perform the following tasks in preparation for the next meeting of the Committee:

- Prepare a bill draft codifying the DARP pilot project as a statewide program with an appropriation.
- Verify information received from the Bureau of Energy.
- Obtain further information on how many households in the state use propane and where the users are located.
- Suggest options to obtain increased funding for LIHEAP.

**Next Meeting.** A second meeting of the committee is tentatively set for November 29, 2006, in Room 305 of the State Capitol.

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